

MILLIS DPW STUDY-SUMMARY OF FINDINGS AND RECOMMENDATIONS

	FINDINGS	RECOMMENDATIONS
1. Operational Systems	a) <u>Allocation and Tracking of Work Assignments</u> - the DPW is limited in its ability to fully record workload data, or resources utilized limiting analysis of productivity, or the accurate allocation of personnel and other resources in calculating enterprise utility rates.	1. Move Forward to Acquire and Utilize a Computerized Maintenance Management System (CMMS) to record activities and resources of department
	b) <u>Policies and Procedures</u> - The Continuity of Operations Plan (COOP) lacks basic Policies and Procedures that serve to establish thoughtful actions for staff and departmental management in routine and emergency operations	2. Institute Standard Operating Policies and Procedures utilizing the APWA accreditation system as a guide, and incorporate these into COOP
	c) <u>Strategic Planning</u> - The DPW lacks a comprehensive analysis of challenges and opportunities facing the DPW with proactive strategies of goals and objectives.	3. Develop a 5-year Strategic Plan with annual review to cover staffing, service demands, capital investments and finances.
	d) <u>Work Plans</u> - The Department should have planned activities on a yearly and seasonal basis that can drive projects and preventive maintenance efforts	4. Utilize Work Plan Calendars and Schedules developed on an annual, seasonal and day-to-day basis.
2. Asset Control and Investment	a) <u>Asset Inventory</u> – the DPW should maintain a comprehensive inventory of all assets including, facilities, infrastructure and equipment to manage investments in replacement and maintenance	1. Move Forward to Acquire and Utilize an Asset Management System that interfaces with work plans and assignments. Will improve management of resources.
	b) <u>Pavement Management</u> -the Towns PMS requires updating to reflect overall pavement conditions with short to long term strategies to maintain and/or overall pavement conditions.	2. Use CMMS and outside engineering resources to update pavement management system with implementation and financing plans and goals regarding standards
	c) <u>Utility Infrastructure</u> - plans provided by Town’s engineer for utility investments appear to be in place	3. The DPW should utilize CMMS to improve the planning and proactive investment of resource utilization to maintain all physical assets to established standards. The CMMS system will provide detailed data regarding condition of assets. The DPW should consider the potential for administration being housed at the DPW facility to improve connection of all functions.
	d) <u>Equipment Maintenance</u> – inventory and replacement plan in place and seemingly implemented. Records regarding preventive not provided.	
	e) <u>DPW Facility and Building Maintenance</u> - a new DPW facility is underway, though not including space for DPW administration.	
	f) <u>Capital Planning</u> – Town is working to build a robust Capital Improvement Plan (CIP) and budget as part of an effort to improve overall financial planning.	4. The DPW should be primary in the preparation of the CIP, as it maintains the largest percentage of Town assets .

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<p>3. Financial Administration-Enterprise Funds</p> <ul style="list-style-type: none"> Water and Sewer Enterprise Funds 	a) <u>Enterprise Fund Cost Methodology</u> – Town’s methodology for determining full costs of water and sewer utilities has evolved incrementally over years but largely developed by prior administration.	<p>1. The Town’s Enterprise Funds Cost Methodology should be reviewed and revised to ensure adequacy of process, better understanding by financial team, and transparency. Direct costs should be tracked more accurately through a CMMS, continual manual tracking of time, or a regular sampling of time tracking. Rebuild of methodology should use a full cost recovery of all related indirect costs and identify options for allocation of specialized licenses costs. The revised methodology for cost allocation and rate setting should be formally documented and completely transparent.</p>
	b) <u>Direct Costs (Analysis of DPW Staff Hours)</u> – staffing costs are based on general work assignments not actual data though DPW has expressed a willingness to implement more robust tracking to staff time.	
	c) <u>Indirect Costs</u> – methodology for assigning these costs was developed in 2011 and needs review and increased transparency.	
	d) <u>Cost Allocation for Specialized Licenses</u> – since all staff can be utilized for utility work, all are eligible for added compensation for specialized licenses. This increases assignment flexibility but adds cost to non-utility costs.	
	e) <u>Water/Sewer Retained Earnings</u> - the Water and Sewer Enterprise funds contained large reserves (retained earnings) largely built by rates built to generate 20% of annual fund revenue.	2. A Water/Sewer Retained Earning policy should be established and adopted based upon factors including cash flow, rate stabilization, emergency needs and capital.
	f) <u>Water/Sewer Rate Setting/Consumption Data</u> – rate setting information is robust but could add additional data regarding estimated and actual consumption.	3. Consumption Data should be more fully considered in rate setting analysis and do so by billing tier and over a 10 year period.
	g) <u>Impact of Anticipated Residential Development on Rates</u> - new developments are likely to reduce the portion of rates used for fixed costs of utilities.	4. The impact of anticipated residential units should be considered in rate setting and rate setting projections.
	h) <u>Water Meter Replacement</u> – average age of meters in Millis are 15 years old and likely under-reporting usage. Newer homes with new meters are likely paying a higher percentage of actual use.	5. Water meters should be replaced every 10-12 years as older meters typically under-read usage creating equity issues and faulty data. New meters should be remotely read.
	i) <u>Irrigation Meters</u> - Town does not currently allow for irrigation meters, which skews billing for sewer use.	6. Irrigation Meters should be allowed to ensure equitable billing for real use of sewer and water with higher rates for irrigation use.
	j) <u>Sewer Connection Requirement</u> -150-200 properties are deemed connected for capacity calculations but generate no flow or revenue, and affect development	7. Sewer connections should be required or bought back to create capacity for development or usage by other properties.
	k) <u>Role for the Finance Committee</u> -role of Finance Committee in rates and enterprise analysis is limited.	8. The Finance Committee should have a role in reviewing and assessing a rate methodology.

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<ul style="list-style-type: none"> Stormwater Operations/Enterprise Fund 	<p>a) <u>Enterprise Fund Cost Methodology</u>- similar to the other Town Enterprises, direct costs are based upon general work assignments, and indirect costs are based upon a methodology that requires review and revision for accuracy and transparency.</p>	<p>1. The Town's Enterprise Funds Cost Methodology should be reviewed and revised to ensure adequacy of process, better understanding by financial team, and transparency. Direct costs should be tracked more accurately through a CMMS, continual manual tracking of time, or a regular sampling of time tracking. The methodology should use a full cost recovery of all related indirect costs. The revised methodology for cost allocation and rate setting should be formally documented and transparent.</p>
	<p>b) <u>Stormwater Fee Appeal Process</u> – the stormwater bylaw provides for a fee appeal process regarding the amount of a property's impervious surface. To date there have been 42 appeals from the 2975 stormwater accounts. The appeals are managed by the DPW Director, Finance Director and Treasurer/Collector with technical assistance from the Town's consulting engineer as required. Final appeals are brought to the Select Board acting as Stormwater Commissioners.</p>	<p>2. The few number of Stormwater Fee appeals indicates that the process of assessing the fee is accurate. However, it is recommended that an 3 person Stormwater Appeals Board be established to hear appeals in order to give residents a greater sense of independence and objectivity from peer citizens. The Board would be supported by the DPW and the Select Board would retain final appeal status.</p>
	<p>c) <u>Cost of Stormwater Management Program</u> – in the development of the Town's stormwater management utility, the consulting engineer provided an estimated annual budget of \$624, 199 for FY19-21. The actual cost for FY19 was \$606,084 and estimated for FY20-21 for \$600,000. Specific capital costs were not included.</p>	<p>3. The cost of the Stormwater Management Program is consistent with initial estimates. However, in the development of the program it was made clear that a full Master Plan of capital investments was necessary. That Master Plan should be prepared and include funding strategies for implementation.</p>
	<p>d) <u>Fee Structure of Stormwater Management Program</u> – The Town's consulting engineer estimated that 60% of the parcel owners would pay an annual fee of \$100 or less. Actual data shows 51.4% paying \$99 or less per year</p>	<p>4. The fee Structure of Stormwater Management Program is consistent with initial projections. However, fees will likely need to be revisited with future capital investments. Residents should continue to be advised of he importance of stormwater management and the steps that be implemented to reduce fees.</p>
	<p>e) <u>Stormwater Activities Previously Accounted for in the General Fund</u> – A review of activities funded through the stormwater enterprise reflects costs that were previously funded through the general fund. However, a review indicates that the activities are appropriately allocated to the Enterprise based upon the purpose and principles of establishing an enterprise.</p>	<p>5. It is appropriate for all Stormwater Activities to be included within the Enterprise Fund including those previously covered within the General Fund. An Enterprise Fund is intended to present a true and complete picture of all costs associated with a specific activity.</p>

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4. Organizational Structure and Staffing	a) <u>Organizational Structure/Management and Administration</u> – the structure provides little distribution of management and administrative responsibilities. Added responsibilities to realize the benefits of a CMMS will add to the strain on the current management capacity. Efforts are currently in progress to address this capacity issue.	1. The Town should continue to implement organizational structure and management position modifications in order to expand the capacity of the Director for greater pro-active efforts and a full implementation of a CMMS that will have a dramatic impact upon overall management/maintenance of the Town infrastructure. The Town should also create a Supervisor for the Water and Sewer activities in order to focus upon this aspect of functional management, and to increase overall management capacity.
	b) <u>Staffing for Stormwater Management</u> – the Town added one laborer to the DPW in order to implement the requirements necessary to comply with the EPA MS4 permit. Engineering related to stormwater remains outsourced.	2. The staffing for Stormwater Management has included an additional Laborer. However, there is an additional level of technical support that relates to the program activity. It is recommended that a Town Engineer position be established to bring technical responsibilities in-house, and support other DPW activities including pavement management , and various capital projects.
	c) <u>Staffing</u> - overall DPW staffing including general operations and the enterprise utilities reflects approximately 4 less FTEs than peer communities.	3. In spite of the complexities of staff allocation issues, the Town benefits from a cross-trained staff, which allows it to operate with a generally leaner organization. However, the issue of preventive maintenance, and competing local needs that have held staffing down, and a review of peer communities reflects a need for additional staffing. It is recommended that the Town add 2 laborers over the next several years using new growth revenue as available.
5. Miscellaneous and Additional Recommendations		1. The Town should begin discussions with the School Department and other elected bodies to discuss the opportunities that could be provided from a Town-wide facilities organization. There are opportunities for savings as a result of economies of scale related to various skilled trades, and a central structure responsible for capital planning for facilities. Options include a division of the DPW, or a stand-alone department.

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<p>5. Miscellaneous and Additional Recommendations (cont'd)</p>		<p>2. The Town's Transfer Station/Recycling Center provides an essential service to a diminishing number of residents as more opt for private haulers, and alternative disposal options. In addition, costs associated with recycling and disposal continues to escalate placing greater liabilities on the Town. And, there is some question regarding the allocation of staff time associated with the transport of waste from the station. The Town will likely need to review the fee structure or modify hours of operation. It is recommended that the Town begin now to consider a long-term plan for this service.</p>
		<p>3. The Town is working to address its full IT services needs. It is recommended that those efforts continue including the possible merger with the Millis Public Schools. Technology is providing greater opportunities for efficiencies and operational excellence but it does require support for successful implementation. The roll-out of the recommended CMMS is an example of this issue.</p>
		<p>4. The Town should implement direct entry of MUNIS data by departments, especially the DPW, in order to realize efficiencies related to the elimination of duplicative steps in the management of finances.</p>
		<p>5. While not an enterprise, Park and Cemetery work allocation and accounting should be implemented in order to measure the resources and performance related to these departmental responsibilities.</p>
		<p>6. The DPW should utilize currently available information and data from a CMMS to communicate to residents on activities related to infrastructure investments and maintenance, and the significance of this work within the municipality.</p>